

Example of calculation of standard hourly base rate (as defined in Section 3 of RICS/CC Definition of Prime Cost of Daywork carried out under a Building Contract) for typical building craft operative and general operative as from 6 April 2009. This example does not purport to give a definitive interpretation of the definition (see note 3 below).

	Craft Operative		General Operative	
	Rate £ pw	Rate £ pa	Rate £ pw	Rate £ pa
Guaranteed minimum weekly earnings Standard Basic Rate – 46.2 weeks	401.70	18,558.54	302.25	13,963.95
Employer's National Insurance Contribution at 12.8% (above earnings threshold of £105 per week, see notes 6 & 7)		1,725.00		1,136.89
Employer's contribution to: CITB annual levy (see note 8) Holiday with pay: 226 hours @ Welfare benefit: 52 credits @	10.30 11.00	104.43 2,327.80 572.00	7.75 11.00	78.58 1,751.50 572.00
Annual Labour cost		23,287.77		17,502.92

Hourly rate of labour	Craft Operative		General Operative	
	<u>23,287.77</u> 1802	= £12.92	<u>17,502.92</u> 1802	= £9.71

NOTES:

- Standard working hours per annum calculated as: 52 weeks @ 39 hours, less holiday of 226 hours = 2028
- It should be noted that all labour costs incurred by the contractor in his capacity as an employer, other than those contained in the hourly rate, are to be taken into account under Section 6.
- The above example does not include all likely costs. It is for the convenience of users only and does not form part of the Definitions. All basic costs are subject to re-examination according to the time when and the area where the daywork is executed.
- Fixed rate holiday credits ceased on 1 August 1999 to enable the B&CE to take into consideration the requirements of the Working Time Regulations. A new holiday pay product – TEMPLATE – is in operation. Further information on TEMPLATE may be obtained from B&CE helpline on 08457 414142
NOTE: The calculation of your costs should take into consideration any additional and/or statutory holiday pay.
- The number of hours worked in the year shown in the calculation are those applicable to England and Wales.
- The calculation shows the rate of the Employer's National Insurance contribution to be 12.8% for both a craft operative and for a general operative on earnings above the earnings threshold of £110.00 per week. From 6 April 2009, changes in the structure of National Insurance contributions apply as follows: weekly earnings of £95.01 to £110.00, nil payable; £110.01 to £844.00, 12.8% payable on all earnings above the earnings threshold; over £844.00, 12.8% on earnings above the earnings threshold. Where weekly earnings exceed £844.00 due to payments in respect of items not included in Section 3 of the Definition, the Employer will be liable to make contributions at the next higher applicable rate on all earnings; however, only 12.8% of earnings of a craft operative and a general operative referred to in Section 3 will be included within prime cost. The intention of the Definition is that any such shortfall should be covered by the percentage addition to the prime cost of labour.
- Where weekly earnings exceed £844.00 for a craft operative or for a general operative due to payments in respect of items which are included in Section 3 of the Definition (e.g. differentials or extra payments in respect of skill, discomfort, inconvenience, risks etc.), contributions at the next higher applicable rate on all earnings falling within section 3 would be included within prime cost.
- The CITB-ConstructionSkills levy payable by employers is 0.5% of payroll in respect of all employees employed by them in the industry in the preceding financial year, 1 April 2009 to 31 March 2010.